

**MINUTES
of the
SIXTH MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**November 22-23, 2021
State Capitol, Senate Chambers
Santa Fe**

The sixth meeting of the Revenue Stabilization and Tax Policy Committee for the 2021 interim was called to order by Senator Benny Shendo, Jr., chair, on Monday, November 22, 2021, at 10:17 a.m. in the Senate Chambers of the State Capitol in Santa Fe.

Present

Sen. Benny Shendo, Jr., Chair
Rep. Javier Martínez, Vice Chair
Sen. Craig W. Brandt
Sen. William F. Burt
Rep. Micaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Doreen Y. Gallegos
Sen. Ron Griggs
Rep. Susan K. Herrera
Rep. Antonio Maestas
Sen. Harold Pope
Rep. Larry R. Scott
Sen. Elizabeth "Liz" Stefanics
Rep. James R.J. Strickler
Sen. Peter Wirth

Absent

Rep. Jason C. Harper
Sen. George K. Munoz

Designees

Rep. Tara L. Lujan (attending as a guest)

Rep. Kay Bounkeua
Rep. Rebecca Dow
Sen. Katy M. Duhigg
Rep. Joshua N. Hernandez
Rep. Marian Matthews
Rep. Rod Montoya
Rep. Kristina Ortez
Sen. Gerald Ortiz y Pino
Sen. Shannon D. Pinto
Rep. Linda Serrato
Sen. William E. Sharer
Sen. Mimi Stewart

Sen. Bill Tallman
Rep. Luis M. Terrazas

Guest Legislator

Rep. Patricia A. Lundstrom (11/23)

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Pam Stokes, Staff Attorney, Legislative Council Service (LCS)

Ric Gaudet, Researcher, LCS

Rebecca Griego, Records Officer, LCS

Anthony Montoya, Staff Attorney, LCS

Joanne Vandestreek, Senior Legislative Librarian, LCS

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, November 22

Welcome and Introductions

Senator Shendo welcomed the members and the public to the meeting and allowed individual members of the committee to introduce themselves.

Revenue Tracking: Preview of Fiscal Year 2021 Actuals and Fiscal Year 2022 Estimates (10:22 a.m.)

Stephanie Schardin Clarke, secretary, Taxation and Revenue Department (TRD); Debbie Romero, secretary, Department of Finance and Administration; and Ismael Torres, chief

economist, Legislative Finance Committee (LFC), discussed with the committee final fiscal year 2021 revenues and estimates for fiscal year 2022. The presentation can be found here:

<https://www.nmlegis.gov/handouts/RSTP%20112221%20Item%201%20Nov%202021%20GF%20Revenue%20Tracking.pdf>.

Implementation of Destination-Based Sourcing (1:19 p.m.)

Mark Chaiken, director, Tax Policy, TRD, discussed with the committee the implementation of destination-based sourcing of the gross receipts tax. The presentation can be found here:

<https://www.nmlegis.gov/handouts/RSTP%20112221%20Item%202%20TRD%20Destination-Based%20Sourcing%20Implementation.pdf>.

Impact of Destination-Based Sourcing and Hold Harmless Distribution Reductions to Local Governments (2:22 p.m.)

A.J. Forte, executive director, New Mexico Municipal League; Leandro Cordova, director, Finance and Administration, New Mexico Counties (NMC); Richard Anklam, president and executive director, New Mexico Tax Research Institute; Nate Duckett, mayor, City of Farmington; Sam Cobb, mayor, City of Hobbs; Louie Bonaguidi, mayor, City of Gallup; Julie Baca, county manager, Bernalillo County; and Amber Hamilton, county manager, Roosevelt County, and chair, NMC Managers' Affiliate, discussed with the committee the impacts of changes to sourcing rules of the gross receipts tax and reductions in hold harmless payments to local governments. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=11/22/2021&ItemNumber=3>.

New Mexico Innovation Triangle (NMIT) (3:42 p.m.)

John F. Rizzo, co-founder and chief executive officer, NMIT; John Mertz, founder, Santa Fe Innovates, Inc.; Alex Patriquin, founder and chief executive officer, Circa; and Mitzi Montoya, Ph.D., dean, Anderson School of Management, University of New Mexico, discussed with the committee the NMIT and how it is affecting the New Mexico economy. The presentation can be found here:

<https://www.nmlegis.gov/handouts/RSTP%20112221%20Item%204%20NM%20Innovation%20Triangle.pdf>.

Recess

The meeting recessed at 4:55 p.m.

Tuesday, November 23

Reconvene

Representative Martínez reconvened the meeting at 9:06 a.m.

Approval of Minutes

The minutes of the September 27-28, 2021 meeting were approved without changes.

Impacts of Stacking Individual Stimulus and Income Supports (9:07 a.m.)

Sarah Dinces, program evaluator, LFC; Jessica Hitzman, fiscal analyst and program evaluator, LFC; Angela Medrano, deputy secretary, Human Services Department (HSD); Karmela Martinez, director, Income Support Division, HSD; Nicole Comeaux, director, Medical Assistance Division, HSD; and Jee Hwang, economist, HSD, discussed with the committee the impacts of combining individual stimulus payments and income supports. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=11/22/2021&ItemNumber=5>.

Annual Report: Film Tax Credits (10:34 a.m.)

Amber Dodson, director, New Mexico Film Division, Economic Development Department (NMFilm); Carrie Wells, deputy director, NMFilm; Shane Shariff, economist, NMFilm; Leon Forde, managing director, Olsberg SPI Ltd.; Eleanor Jubb, senior consultant, Olsberg SPI Ltd.; and Joshua Dedman, consultant, Olsberg SPI Ltd., discussed with the committee the impacts of the film industry on the economy and tax revenues of New Mexico. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=11/22/2021&ItemNumber=6>.

Proposals for Committee Endorsement (12:15 p.m.)

The committee endorsed two pieces of legislation. The first proposed bill would distribute revenue generated from a regional transit gross receipts tax directly to the regional transit district instead of to the county in which the tax is being imposed. The second proposed bill would enact the Easy Enrollment Act to allow for the simplified enrollment for qualified residents in an insurance plan offered by the New Mexico Health Insurance Exchange, using information from their New Mexico personal income tax returns. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=11/22/2021&ItemNumber=8>.

Tax Expenditure Report (12:20 p.m.)

Lucinda Sydow, chief economist, TRD, and Secretary Schardin Clarke discussed with the committee the annual Tax Expenditure Report, prepared by the TRD. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=11/22/2021&ItemNumber=7>.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:58 p.m.